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C O N F I D E N T I A L SECTION 01 OF 07 KABUL 001030

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SUBJECT: PRT KANDAHAR: ASSESSMENT -- WHERE WE ARE

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Classified By: A/DCM Carol Rodley for reasons 1.4 (B) and (D).

11. (C) SUMMARY: This cable assesses developments in Kandahar Province in 2006 through security, political, economic, and social lenses. The cable does not review ISAF performance or programs, but looks ahead to anticipated developments in 2007 and notes areas in need of further attention from ISAF, UN agencies, and the GoA. Security deteriorated through much of 2006, but through a combination of factors improved quickly at year end during Operation Baaz Tsuka. This operation, like Medusa before it, was a battle

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for the strategic districts of Panjwayi and Zharey. Afghan National Police (ANP) and Afghan National Auxiliary Police (ANAP) performance is weak but improving. Governance is the weakest area of GOA performance in the province and in need of urgent improvement. Complicated tribal dynamics underlie the official institutions. Narcotics trafficking is another significant challenge to efforts to establish Afghan democratic systems and the rule of law. Economic performance is difficult to assess at provincial level. Reconstruction efforts are putting more money into circulation within the province, but, excluding opium, exports from the province fell sharply during 2006. Women continue to live within traditional Pashtun cultural roles. The educational system faced massive challenges in 2006 with many rural schools closing. Many factors are now in place for improvement in 2007: increased ISAF capabilities and ANAP presence; a wet winter; the rapid expansion of Afghan national reconstruction programs; continued strong USAID programs and rapidly expanding Canadian International Development Agency (CIDA) and GoA efforts. End Summary.
Security

12. (C) Deteriorating security was the dominant development in Kandahar Province through most of 2006. The Taliban's resurgence was painfully heralded in January 2006 with the death of KPRT Political Director Glyn Berry in a SVBIED attack in Kandahar city. The year saw a large increase in significant military actions (from around 300 in 2005 to about 650 in 2006). Casualties increased significantly as

did the number of suicide bombings. Canada alone, which had eight soldiers KIA in the previous four years, suffered 36 soldiers KIA in 2006. Throughout the spring, Taliban activity increased and infiltration into the districts of Panjwayi and Zharey was well established by early summer. The strategy was apparently to begin the classic transition from mobile insurgency to one able to control territory. The Taliban chose these districts because the intensive agriculture offered good cover and concealment and because their location allows easy access to Kandahar city, which lies a dozen or so kilometers to the east. A fractured tribal structure, particularly in Zharey, eased infiltration.

These two districts were also key terrain during the Soviet occupation of Afghanistan.

13. (C) Operation Medusa was launched in summer 2006 to force the Taliban out of Panjwayi and Zharey. Villagers left the area as the battle loomed. The Taliban's territorial defense proved to be a military disaster as they suffered heavy casualties from ISAF close air support. Regrettably, there were insufficient ANSF and friendly forces did not maintain full control of the area. Small Taliban elements quickly returned to the area harassing ISAF troops with deadly effect. This hampered efforts to encourage the return of the battle-displaced people. This was exacerbated by a slow and unwieldy process for potential returnees to get assistance. Except for the Panjwayi district center, relatively few returned -- leaving the door wide open to the Taliban to re-infiltrate forces into the area.

14. (C) This failure to consolidate victory was costly as IEDs and suicide bombings increased and the perception of the people of Kandahar city, initially relieved by the apparent end of the threat, gradually turned negative. The threat within the city was limited to unwitting bystanders at the scene of SBVIED attacks and potential targets of assassins. However, the city was saddled with tens of thousands of Internally Displaced Persons (IDPs) and ISAF did not seem

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able to stop the Taliban. Furthermore, a new wrinkle developed in the people's long-standing view of Pakistan as the center of support for the Taliban. Some saw the United States/ISAF "failure" to crack down on Pakistan as proof of a plot to prolong instability in Afghanistan, or in the most extreme version, proof of a secret alliance between the West and the Taliban.

15. (C) ISAF forces were again marshaled in the area in December for Baaz Tsuka. By then, villagers were more anxious to return to their land in advance of winter rains and planting season. Several key figures in Taliban regional and provincial leadership were killed or captured in or around this operation, thereby degrading command and control. The operation followed closely on the heels of the visit of President Karzai. It combined military action with shuras to engage key tribal elders. Baaz Tsuka appears to have been quite successful at driving a wedge between hard-core Taliban and the second tier of loose supporters. Thousands of families have returned to Panjwayi and returns to Zharey are beginning to accelerate. Rehabilitation efforts are moving forward, though much remains to be done. However, the heavy concentration of ISAF resources on these two districts allowed Taliban elements a relatively free hand to operate in other parts of the province, e.g., Maruf.

16. (C) The performance of the Afghan National Army (ANA) was good, although deployed numbers have been low. ANP performance was mixed at best, but began to improve with the appointment of General Esmatullah Alizai as Provincial Police Chief in October. Alizai is bringing greater accountability to the police and appears to be willing to stand up to Governor Khalid, who often seeks to direct police efforts. The decision to create the ANAP has worked out better than many observers feared. There are, however, major challenges with command and control and significant issues with

accountability for personnel and equipment. Efforts are ongoing to correct imbalances in tribal and geographic distribution of recruits. The ANAP process has also been used to give formal status to some serving in an unregistered capacity in the ANP or less formal militias. Nonetheless, the additional police presence has been helpful in Panjwayi and Zharey. When recruitment and training is complete, there should be 2,000 ANAP in the province (up from just over 1,400 at present).

Political Factors

¶17. (C) The biggest political challenge facing Kandahar is the lack of good governance. The democratic mechanisms of the Government of Afghanistan -- the Provincial Council, the appointed Governor and district leaders, and the representatives to the Wolesi Jirga and Meshrano Jirga -- all function but real power is wielded by a select few and standard practices would be considered corrupt in the West. Ahmad Wali Karzai, brother of President Karzai, exercises far more power than his position as head of the (advisory) Provincial Council should convey. Moreover, government departments are weak and lack capacity to function efficiently. Staff is not well paid and, with important exceptions, the most talented individuals work elsewhere. Governor Khalid tends to focus on security at the expense of reconstruction and development, although during Operation Baaz Tsuka and since he has begun to show interest in these areas. He also tends to function as a one-man band, juggling multiple mobile phones and arranging small details personally, e.g., managing the movements of groups to shuras and returns of IDPs personally.

¶18. (C) Weak governance and pervasive corruption lead to frustrated expectations on the part of the population, which looks to ISAF to ensure not only security but also that political and economic norms of democracy prevail. Even close contacts of the PRT complain sharply over shakedowns or abuse of authority by police or men in uniforms assuming the function of police. Petty corruption by bureaucrats is another irritant. These interlocutors claim that too much of the considerable money spent by ISAF goes into the pockets of

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former warlords, favored tribes, or other politically powerful players through sole-sourcing of contracts for supplies or services. They also believe that our aid flows do not reach the neediest portions of the population. They believe that ISAF must be looking the other way when known criminals walk away from custody without so much as a charge against them.

¶19. (C) There is also a complicated set of tribal dynamics that is older and more solid than the newer institutions of the state. Among the larger tribes, the Popalzai and Alokozai are in the ascendant position. The Barakzai were ascendant under former Governor Shirzai and still benefit from positions attained at that time. The Noorzai and Alizai have been relatively disenfranchised since the overthrow of the Taliban.

¶10. (C) The past year saw a rise in innocent deaths attributable to Rules of Engagement (ROE) escalations (when ISAF forces are forced to fire rounds to prevent penetration of a convoy or cordon by a possible suicide bomber) and in the collateral damage accompanying the bombing of compounds inhabited by Taliban forces. These deaths, while not easy to avoid, do much to undermine our credibility with the population. Loss of innocent lives to SVBIED attacks has also caused Kandaharis to object to the daytime movement of larger supply convoys through the city. Multiple political assassinations -- including the Director of Women's Affairs, members of the Provincial Council, the Deputy Head of the Ulema Shura (senior religious council), and ANP officials -- combined with the distribution of threatening "night letters"

have been successful tactics in Taliban efforts to frighten and intimidate the population. Many inhabitants, especially in rural areas, carefully try to appear neutral for fear of Taliban retribution. This was not the case in 2002 and 2003.

Now, even many employees of ISAF, UN agencies, and NGOs take pains to conceal this information from neighbors.

¶11. (C) The Taliban are not the primary beneficiaries of drug production in the province, but their forces do offer protection against eradication to farmers within their areas of operation in exchange for other forms of support. While direct evidence remains difficult to collect, there is a strong belief within knowledgeable segments of the population that high-ranking provincial officials are complicit in ensuring that narco-trafficking routes are open and that they share in the profits of such operations. These alleged route clearing efforts are believed to extend into neighboring provinces. On the other hand, the area under poppy cultivation in Kandahar was cut by three percent in 2006 from the 2005 level. There were 12,169 hectares under cultivation and 2,869 hectares (22 percent) were eradicated. Production patterns in early 2007 show a tendency for reduced planting in districts close to Kandahar city and increased planting in peripheral districts, especially Maywand. While it is too early to predict total acreage under cultivation, the 2007 governor-led eradication program appears likely to exceed the 2006 totals for eradicated acreage. However, eradication efforts suffered a setback on March 4 in Maywand, when Taliban and local farmers attacked and drove off the 120-man eradication unit (with one ANP soldier killed and three wounded) and burned the tractors. The Governor claims to have given District leaders discretion to determine which areas are targeted for eradication.

¶12. (C) The Policy Action Group has provided additional attention to the problems in the province. While PAG decisions taken in Kabul sometimes seem far removed from the realities on the ground, the process has resulted in additional resources for the province in terms of the number of ANAP, Ministry of Rural Rehabilitation and Development (MRRD) personnel and funds, and the mid-December visit of President Karzai.

¶13. (C) Religion remains one of the most highly contested areas off the battle field. The Taliban attempt to claim the religious high ground and to discredit the GoA as a tool of the western infidels. Mullahs outside of Kandahar city who openly support the government are few and brave. Even within

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the city, anecdotal evidence indicates that many mullahs who are sympathetic to the government will carefully conceal this and criticize the government to their congregations to ensure they will not be targeted. Those who openly oppose the Taliban risk their lives. One such strong ally was the Deputy Head of the Ulema Shura and he was gunned down in the city in January. Since then, the Ulema Shura's ambitions have been trimmed.

¶14. (C) Much more needs to be done to foster the rule of law, which often remains a distant objective. Governor Khalid in February of 2007 led a high-ranking provincial delegation to Kabul to petition President Karzai to establish a special court in Kandahar to try a number of recently arrested suspects on charges of assassinations and other acts of terrorism. The assembly of the delegation was motivated by a widespread perception that suspects sent to Kabul for trial on serious charges walk away unscathed.

Economy/Development

¶15. (C) Economic indicators are extremely difficult to quantify in Kandahar. Anecdotal evidence points toward positive trends but major issues remain. Kandahar's area of comparative advantage is in the production of fresh and dried

fruits (mainly grapes and pomegranates) as well as nuts. During the years of war and upheaval, exports of these products dwindled. Only Pakistan and India still imported them during Taliban rule. Export capability has improved under the Karzai government, but fruit/nut exports from Kandahar fell sharply in 2006 due to raging battle in the heart of the richest agricultural lands in the province -- Panjwayi and Zharey. With stronger prices, good rains, and farmers returning to their lands, there should be a surge in exports in 2007. Afghan traders are constrained by difficulty obtaining visas to work in western markets. A professional packaging operation is also needed. Civilian air freight out of Kandahar Air Field has been another constraint but efforts are underway to remove this barrier in the next few months.

¶16. (C) Ongoing infrastructure improvements through the construction of primary and secondary roads as well as bridges will also benefit this sector of the economy. The millions of dollars now flowing to rural areas and the cleaning of irrigation systems through NSP, NABDP, USAID, and CIDA programs will also help spur growth at the grass roots level. However, the Kandahar Provincial Development Council is poorly organized and has yet to play its proper role as a coordination and planning body.

¶17. (C) Customs revenue fell during 2006, at least partly because of avoidance of increased customs duties on some products by diverting goods around the customs collection point on Highway 4 south of Spin Boldak. Corruption at this crossing is legendary. Regardless of the corruption, local industry argues that customs duties on finished industrial goods are lower than on raw materials, thereby punishing efforts to produce goods within Afghanistan. They also argue that poor governance with respect to business, e.g., petty corruption and poor land pricing policies within industrial zones, retards industrial development.

Social Issues

¶18. (C) In tradition-bound Kandahar, women continue to spend the bulk of their time within family compounds. The vast majority of women on the street wear the burqa. Women have a relatively small role in the economy. There are very few female business owners. In farming families, women work beside the men. Working women will most often be found in the fruit processing industry -- peeling almonds or sorting and cleaning raisins. Some women produce handicrafts in their homes. The year's political instability put more pressure on women and some female leaders were targeted for assassination or intimidation. In a related development, some NGOs left Kandahar in 2006 thereby reducing job

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opportunities and programs for women. Even more women than men lack proper medical care and there were reportedly 70 cases of women who suffered severe burns with 35 women killed and 35 disabled. The three women on the Provincial Council complain that their efforts to raise issues of importance to women are ignored by the male majority.

¶20. (C) Following strong progress in 2005, education was set back in 2006 due to the instability. There were attacks on schools, teachers, and even students. There are 60 schools and 6,500 students in Maruf and Arghistan, but all the schools were closed by the end of 2006. Department of Education sources stated that 80 percent of schools in Ghorak, Nish, Mianshin, Maywand and parts of Panjwayi and Zharey were closed by late 2006. A total of 50,000 students were forced out of schools throughout the province in 2006. Kandahar city was better insulated from the Taliban threat and schools have continued to function normally. Many women, particularly in rural areas, have pulled their daughters out of school out of fear of Taliban reprisals. No high-level delegations from the Ministry of Education have been to

Kandahar in 2006 or early 2007.

¶21. (C) The population of Kandahar city is estimated at around 800,000 people, but the figure is not precise. That a significant proportion of the population is composed of former IDPs or refugees is beyond dispute. It is also clear that a substantial percentage of the population lives in extreme poverty. City services are often below past standards. Municipal administration is weak, lacks resources and is overwhelmed by the range of problems it faces. The bureaucracy lacks transparency and accountability and petty corruption is common. Approximately two-thirds of the population lives in informal settlements considered illegal by the municipal administration. Even in the formally planned parts of the city, only 15 percent of households have access to the water supply network. Most residents in the city do not receive water, sanitation, waste collection, or electricity through the municipality. In January of 2007, Governor Khalid replaced the Mayor for poor performance.

Gaining Momentum in 2007

¶22. (C) As noted above, 2006 was dominated by a deteriorating security environment. The rapid improvement in security in Panjwayi and Zharey in December has carried into 2007 and even gained momentum. The destruction wrought to areas where Taliban forces dug in during Operation Medusa provided a major incentive for local villagers to usher them away as Op Baaz Tsuka got underway in December and to prevent them from re-infiltrating the area as villagers began returning in large numbers in January and February of 2007. Taliban forces continue to carry out small unit operations in the two districts and attack soft targets, but do not appear to have a strong base of operations. USAID poured approximately USD 15 million in projects and cash for work programs into the two districts at the end of 2006 and beginning of 2007. KPRT Commander's Contingency Fund cash-for-work projects were also accelerated. In January, Minister Zia (Rural Rehabilitation and Development) committed MRRD personnel resources and moved rapidly forward using the CIDA and USAID-funded Afghan national programs -- the National Area Based Development Program (NABDP) and the National Solidarity Program (NSP) -- throughout the province but with a concentration of effort in Panjwayi and Zharey. With further encouragement from ISAF and the GoA, the resettlement of Panjwayi and Zharey should continue and contribute toward consolidation of the Afghan Development Zone (ADZ) around Kandahar city.

¶23. (C) ISAF and ANSF are better positioned than at this time in 2006 to counter expected Taliban efforts to carry out a spring offensive. The enemy will, of course, continue to adapt its techniques and try to find new ways to strike ISAF forces or otherwise undermine our efforts. A higher operational tempo can be expected. Nonetheless, a consolidating ADZ around Kandahar city -- including the checkpoints being erected through Operation Portcullis --

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should create a greater barrier to intensive Taliban operations within the city and keep the bulk of Taliban fighting power on the periphery. Some ISAF resources will be needed to maintain the momentum in Panjwayi and Zharey. The United Arab Emirates has begun to develop a presence in the Spin Boldak area that should be a multiplier to ISAF efforts and allow us to create a second ADZ in that area. One lesson from Panjwayi and Zharey is that it takes concentrated effort to deny ground physically to the Taliban, but it can be done where we can garner the support of the population. With limited combat, reconstruction and development resources, ISAF and the GoA will always have to choose where to engage.

COMMENT

¶24. (C) Military operations to pressure, degrade, and interdict Taliban forces throughout RC South are beginning to show results. This is providing some space for reconstruction and development activities to proceed. We must be quick and efficient in exploiting this space as it is likely to diminish somewhat as the operational tempo picks up. ISAF, together with the UN agencies and the GoA, must act to demonstrate to the people that the GoA is working for them and merits their direct support. Many programs are already underway at the national or provincial level. Listed below are some of the key areas in need of continued or reinforced effort:

Security:

- improve control over entry points to the ADZ;
- increase the number of ANA kandaks deployed in the province;
- facilitate ANP/ANAP ability to control space within the ADZ;
- increase GoA presence in peripheral districts to restrict Taliban freedom of movement and ability to exert control;
- improve ANP/ANAP command and control;
- improve ANP/ANAP inventory/supply procedures; and,
- ensure ANAP provide link to local communities.

Political:

- reinforce capacity of provincial institutions, including Governor's office, Provincial Council, Provincial Development Council, municipal administration, and line departments;
- increase transparency in provincial government operations and reduce incentives and opportunities for corruption;
- increase synchronization of Alternative Livelihood Programs with decision-making timeframes of farmers;
- reduce growing and trafficking of narcotics;
- support the cultivation of mullahs and the development of institutions of religious education;
- facilitate reintegration of IDPs and refugees economically and politically; and,
- continue efforts to ensure government messages are disseminated broadly and effectively.

Economic:

- ensure that tax and customs revenues are collected and transferred to Kabul;
- ensure that provincial economic policy decisions foster economic growth and employment;

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- continue to support key infrastructure (roads, bridges, electrification, and irrigation);
- support agricultural production and processing with focus on exports;
- continue to support economic/development coordination and planning mechanisms;
- continue to support grass roots programs to strengthen village economy and consultative processes; and,

-- exercise caution to ensure contracting for support to ISAF is competitive.

Social:

-- undertake measures to reduce urban and rural poverty;

-- continue support (within national frameworks) to schools and clinics as well as initiatives to assist women and disadvantaged groups;

-- continue to work with the Ulema Shura and tribal leaders on ways to extend the government's messages to the people.

END COMMENT.

NEUMANN